Released: 9 August 2022

TI Fluid Systems plc
Half Year Results 2022

Results in line with expectations despite market challenges
Strong growth in EV bookings
Confirms full year 2022 outlook

TI Fluid Systems plc (TIFS), a leading global manufacturer of automotive fluid storage, carrying and delivery systems and thermal management products and systems for light vehicles announces its results for the six-month period ended 30 June 2022.

	Management basis*			Statutory basis		
€m	**H1 2022**	H1 2021	Change	**H1 2022**	H1 2021	Change
Revenue	**1,559.5**	1,522.5	37.0	**1,559.5**	1,522.5	37.0
% Change at constant / actual rates			(2.4)%			2.4 %
Adjusted EBIT / Operating Profit	**83.7**	127.8	(44.1)	**48.3**	76.5	(28.2)
Margin	**5.4 %**	8.4 %	(3.0)%	**3.1%**	5.0 %	(1.9)%
Adjusted Net Income / Profit for the Period	**9.0**	45.4	(36.4)	**0.5**	11.1	(10.6)
Adjusted Basic EPS / Basic EPS (€ cents)	**1.75**	8.75	(7.00)	**0.10**	1.96	(1.86)
Adjusted Free Cash Flow**	**(1.6)**	46.3	(47.9)			
Dividend (€ cents)	**1.00**	1.93	(0.93)	**1.00**	1.93	(0.93)

*Management basis metrics are Non - IFRS measures as defined on pages 18 to 20
** No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

Group Highlights:

- The Group has successfully navigated through significant headwinds from cost inflation and lower global light vehicle production (GLVP) volumes during the first half of the year
  - H1 2022 revenue of €1,559.5 million, growing 2.4% versus H1 2021
  - At constant currency, H1 2022 revenue fell by 2.4%, underperforming GLVP by (60) basis points
  - At constant currency, Q2 revenue outperformed the market by 330 basis points
  - Adjusted EBIT margin of 5.4%, modestly lower than H2 2021 as anticipated
  - Statutory Operating Profit margin of 3.1%, including restructuring costs and Russia impairment charges
  - Adjusted Free Cash Flow outflow of €(1.6) million and net cash generated from operating activities of €40.2 million
- The balance sheet remains strong with a cash position of €457.4 million at 30 June 2022

- Continued and successful execution of our organic growth strategy and strategic focus on developing thermal products and systems for new battery electric vehicles (BEVs) and hybrid electric vehicles (HEVs)
    - New business BEV awards in H1 2022 of €600 million on lifetime revenue basis
    - Key awards include thermal business wins for two high volume global platforms with European and American customers
    - Successful launch of various thermal programs in Asia and North America

- 2022 interim dividend of 1.00 euro cents per share, which is in line with our annual dividend policy of 30% of Adjusted Net Income.

Hans Dieltjens, Chief Executive Officer and President, commented:
"The first half of 2022 has been marked by several challenges in the automotive industry. The shortage of microchips and other supplies, the Russian invasion of Ukraine and the COVID lockdowns in China have significantly hindered OEM production. Additionally, these macroeconomic factors have exacerbated the cost increase pressures, with inflation at levels not seen since the 1990s. Despite the challenging environment, the Group delivered an adjusted EBIT margin of 5.4% and maintained a strong balance sheet position.

We continue to see the success of our Take the Turn (T^3) strategy to address electrification through the development of an expanded line of thermal products for greener HEV and BEV vehicles. Our FCS division, that represents the majority of our electrification business, has significantly outperformed the market by 420 basis points supported by various launches in thermal products.

In addition, we had €600 million of new lifetime sales business bookings for BEVs during the first six months of the year as well as significant HEV bookings.

Finally, in April 2022 the Group opened its first of five E-Mobility Innovation Centres (e-MIC) in Rastatt, Germany. These technical centres are a crucial element in providing customer support and demonstrate our ability to design, develop and manufacture an expanded line of thermal products for electric vehicle platforms, including offering increasingly modular systems.

I continue to be very grateful to our workforce for supporting the Group's many achievements during the first half of this year through their dedication, focus and hard work as the Group, along with the industry as a whole manages through a variety of difficult economic, social and geo-political challenges."

Outlook
While market uncertainties and economic risks persist, we anticipate that full year production volumes will be at, or slightly above 2021 levels, as microchip availability gradually improves, and that inflationary cost increases will continue, albeit at a slower pace. We continue to make good progress with customer negotiations for cost recoveries. As such, we expect the Group's margins to recover during H2 2022.

Based on our H1 2022 results and current view of H2 2022, we are maintaining our previously issued full year 2022 outlook guidance. We expect to achieve revenue outperformance vs GLVP, margins slightly below 2021 levels and historical levels of cash flow conversion.

Results presentation

TI Fluid Systems plc will host a teleconference for analysts and investors at 11.30 am UK time on 9 August 2022.

Analysts wishing to join may listen to the presentation live by using the details below.

Conference Call Dial-In Details:

UK: +44 (0) 330 165 4012

Conference Code: 3480120

The presentation will be available at 7:00 am UK time from www.tifluidsystems.com. An audio recording will be available on our website in due course.

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Chief Executive Officer's review

Global light vehicle production volumes for H1 2022 were 1.8% below the same period in 2021. The microchip shortages, the Russian invasion of Ukraine and the China Covid-19 lockdowns are still hindering the ability of OEMs to fulfil consumer demand. These events have also led to an inflationary environment that has created significant challenges to the business.

Despite these headwinds, the Group's H1 2022 revenue increased by 2.4% at actual rates compared to H1 2021, with a roughly flat performance to market on a constant currency basis (60 bps below GLVP).

Our ability to maintain a robust revenue profile and financial performance given the ongoing issues demonstrates the Group's consistent resilience and the strength of our strategy, business model and experienced management team.

Half year 2022 performance

Global light vehicle production volume decreased by 1.8% in the first six months of 2022, compared to the first half of 2021. We delivered revenue of €1,559.5 million, which was an increase of 2.4% compared to the first half of 2021. At constant currency, revenue was 2.4% lower than the first half of 2021, or 60 bps below global light vehicle production.

We also continued to generate strong Adjusted EBITDA of €160.1 million (10.3% margin) and Adjusted EBIT of €83.7 million (5.4% margin). Adjusted Net Income for the period was €9.0 million (H1 2021: €45.4 million), Profit for the period was €0.5 million (H1 2021: €11.1 million), and Adjusted Free Cash Flow amounted to €(1.6) million (H1 2021: €46.3 million).

Strategy update

The Group continues to successfully implement its Take The Turn (T^3) Strategy which is built on our commitment, focus and dedication to designing and producing products that help make vehicles greener, the environment cleaner and the world a better place to live. We also continue to benefit from operational flexibility and our balanced and diversified customer, platform and regional profile.

We are pleased with our continued business bookings for both HEV and BEV platforms, with €600 million of BEV bookings in H1 2022. We are also making great progress with Korean OEMs and are increasing our business wins with Chinese OEMs. We continue to win new business awards for our advanced pressure resistant plastic fuel tank technology on HEVs.

Building on the Group's long trusted reputation as a leading fluid systems provider, we opened our first E-Mobility Innovation Centre (e-MIC) in Rastatt, Germany, where we collaborate with our OEM customers to develop new thermal products and systems that meet their needs and offer new solutions for electric vehicles.

We will continue our financial discipline on cost management and capital allocation to deliver sustainable growth and financial performance, balancing the investment of our new products with the cash generation in existing products.

Our people

Our employees, their knowledge and commitment are essential to achieve our challenging targets. The Group continues its deep engagement with employee development with a focus on inclusion. To further expand our employees' existing skills and expertise worldwide, we offer curated learning paths which will enable them to adapt to the evolving EV markets.

I remain excited about the future of the Company as the automotive industry shifts to electrified mobility.

Hans Dieltjens
Chief Executive Officer and President
8 August 2022

Chief Financial Officer's Report

The first half of 2022 has been characterised by the persistent global macroeconomic headwinds arising from continued supply chain pressures in the form of cost inflation and dampened demand due to the continuing microchip shortages, plus the impact of the Ukraine situation on our European businesses. We continue to operate in a challenging environment and delivered revenue growth at actual rates. Although our margins have been impacted by the cost pressures as well as further COVID-19 related shutdowns in China, we are proud of the gains we continue to make with our cost rationalisation initiatives across the business and the progress being made on recovering the costs from our customers recognising there is timing lag due to the negotiation process.

Table 1: Key Performance measures €m

	Management basis*			Statutory basis		
	H1 2022	H1 2021	**Change**	**H1 2022**	H1 2021	**Change**
Revenue	**1,559.5**	1,522.5	37.0	**1,559.5**	1,522.5	37.0
% Change at constant / actual rates			(2.4)%			2.4 %
Adjusted EBITDA	**160.1**	198.5	(38.4)			
Margin	**10.3%**	13.0%	(2.7)%			
Adjusted EBIT / Operating Profit	**83.7**	127.8	(44.1)	**48.3**	76.5	(28.2)
Margin	**5.4%**	8.4%	(3.0)%	**3.1 %**	5.0%	(1.9)%
Adjusted Net Income / Profit for the period	**9.0**	45.4	(36.4)	**0.5**	11.1	(10.6)
Adjusted Basic EPS / Basic EPS (€ cents)	**1.75**	8.75	(7.00)	**0.10**	1.96	(1.86)
Adjusted Free Cash Flow **	**(1.6)**	46.3	(47.9)			
Dividend (€ cents)	**1.00**	1.93	(0.93)	**1.00**	1.93	(0.93)

*Management basis metrics are Non - IFRS measures as defined on pages 18 to 20
**No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

Global light vehicle production continues to be the principal driver of the Group's performance. In the first half of 2022, global light vehicle production decreased to 38.7 million vehicles or by 1.8% compared to the prior period mainly impacted by persistent supply chain shortages, COVID-19 related shutdowns and the war in Ukraine.

Group revenue decreased by €37.5 million, or 2.4% period over period on a constant currency basis, to €1,559.5 million, underperforming global light vehicle production by (60) bps in the period. If we include the positive currency impact of €74.5 million, reported revenue increased by €37.0 million, or 2.4% period over period. For Q2 2022 revenue was €804.5 million (Q2 2021: €772.5 million) which outperformed global light vehicle production by 330 bps at constant currency.

We generated Adjusted EBIT of €83.7 million with a margin of 5.4%, a decrease of 300 bps from the prior period Adjusted EBIT margin. The decrease in margin is directly related to the conversion of lower volumes as well as ongoing inflationary and cost pressures which have increased our operating costs. Recovery of these costs is a priority for our management team and good progress has been made both in recovering historic amounts and also setting future prices on a sustainable basis. On a statutory basis, we achieved an operating profit of €48.3 million compared to €76.5 million in the prior period mainly due to the conversion of lower sales and the time lag on recoveries. This is discussed in more detail in the Operating Profit, Adjusted EBITDA and Adjusted EBIT section of this report.

Adjusted Net Income was €9.0 million compared to €45.4 million in the prior period. The reported profit for the half year was €0.5 million compared to €11.1 million in the corresponding half of 2021. Basic EPS was 0.10 Euro cents (H1 2021: 1.96 Euro cents) and Adjusted Basic EPS was 1.75 Euro cents, a decrease from 8.75 Euro cents in the first half of 2021. The volatile production environment had an adverse impact on working capital management and in turn our adjusted free cash flow generation, which was €(1.6) million compared to €46.3 million in H1 2021. Cash generated from operating activities was offset by cash outflows from investing and financing activities, mainly capex, lease and dividend payments, resulting in our reported cash and cash equivalent balances decreasing by €(53.9) million (H1 2021: €(32.6) million) before currency translation, and a period end cash balance of €457.4 million (December 2021: €499.1 million). We ended the period with net debt excluding the IFRS16 lease liability of €664.1 million (31 December 2021: €600.3 million).

Automotive Markets

Global light vehicle production volumes decreased by 1.8% in H1 2022 to 38.7 million vehicles as shown in table 2 - driven by the macroeconomic headwinds of high inflation, supply chain disruptions, COVID-19 related lockdowns and the war in Ukraine. Volumes decreased across all major regions except North America.

Table 2: Global light vehicle production volumes: millions of units

	H1 2022	**% Change**
Europe, including Middle East and Africa	**9.0**	(9.7)%
Asia Pacific	**21.3**	(0.2)%
North America	**7.1**	4.7 %
Latin America	**1.3**	(0.5)%
Total global volumes	**38.7**	(1.8)%

Source: IHS Markit, July 2022 and Company estimates
Change percentages calculated using unrounded data

Revenue

Our revenue in each of the regions and by segment is included in table 3.

Table 3: Revenue by region and by segment €m

	H1 2022	H1 2021	**Change**	**% Change**	**% Change at constant currency**
Total Group Revenue	**1,559.5**	1,522.5	37.0	2.4 %	(2.4)%
By Region					
Europe and Africa	**596.4**	622.4	(26.0)	(4.2)%	(4.3)%
Asia Pacific	**515.2**	519.3	(4.1)	(0.8)%	(6.9)%
North America	**424.3**	356.5	67.8	19.0 %	8.0 %
Latin America	**23.6**	24.3	(0.7)	(2.9)%	(14.5)%
By segment					
Fluid Carrying Systems ("FCS")	**876.9**	813.1	63.8	7.8 %	2.4 %
Fuel Tank and Delivery Systems ("FTDS")	**682.6**	709.4	(26.8)	(3.8)%	(7.8)%

Group revenue in H1 2022 was €1,559.5 million, a decrease of 2.4% period over period at constant currency and when compared to the global light vehicle production decrease of 1.8% over the same period resulted in a 60 bps underperformance primarily driven by the disproportionate impact of COVID-19 lockdowns in China.

In Europe and Africa, revenue at constant currency decreased by 4.3% period over period compared to a light vehicle production decrease of 9.7%, an outperformance of 540 bps. This strong outperformance was driven by the continuing launches of new HEV/BEV programmes for both FTDS and FCS, which offset the slow ramp up of some programs as a result of the Ukraine crisis.

In Asia Pacific, revenue at constant currency decreased by 6.9% period over period compared to light vehicle production decrease of 0.2%, for an underperformance of (670) bps. This underperformance was driven by the disproportionate impact of lockdowns and higher growth of BEV volumes in China where we are under indexed.

In North America, revenue at constant currency increased by 8.0% period over period compared to light vehicle production increase of 4.7%, reflecting an outperformance of 330 bps. The main impact for this region was new business launches and programme ramp ups in the FCS division, which outperformed the market in that region by 730 bps.

FCS revenue increased by €20.5 million, 2.4% at constant currency from the prior period to €876.9 million, an outperformance of 420 bps when compared to global light vehicle production. The strong FCS revenue growth is driven by successful launches of thermal programmes in Europe and North America.

FTDS revenue at constant currency decreased by 7.8% to €682.6 million, underperforming global light vehicle production by (600) bps, primarily driven by higher BEV growth in Asia Pacific where there is less FTDS content, as well as ramp downs in North America. Tooling revenue was significantly lower due to delays in the timing of programme ramp ups.

Revenue increased by 2.4% to €1,559.5 million at actual rates due to a net positive currency exchange rate impact of €74.5 million compared with the prior period. This was mostly due to weakening of the Euro against the US dollar and other key currencies in countries where the Group has manufacturing operations. Table 4 below sets out the movement in exchange rates most relevant to our operations.

Table 4: Exchange Rates

Key Euro exchange rates	**H1 2022 Average**	H1 2021 Average	% Change	**30 June 2022 Period End**	30 June 2021 Period End	% Change
US dollar	**1.093**	1.205	(9.3)%	**1.047**	1.185	(11.6)%
Chinese renminbi	**7.079**	7.797	(9.2)%	**7.013**	7.651	(8.3)%
South Korean won	**1,348**	1,347	0.1 %	**1,354**	1,340	1.0 %

Operating Profit, Adjusted EBITDA* and Adjusted EBIT*

We use several financial measures to manage our business, including Adjusted EBITDA and Adjusted EBIT, which are non-IFRS measures, but are measures of profitability that have been used consistently by the Group and give insight into the operating performance of the business. The metrics are also used in certain of our compensation plans and to communicate to our investors. Table 5 shows a reconciliation between the reported measure, operating profit, Adjusted EBITDA and Adjusted EBIT.

Table 5: Calculation of Adjusted EBITDA* and Adjusted EBIT* €m

	H1 2022	H1 2021
Operating profit	**48.3**	76.5
Depreciation and impairment of PP&E	**50.6**	47.1
Depreciation and impairment of right-of-use assets	**15.3**	14.7
Amortisation and impairment of intangible assets	**37.4**	35.0
Share of loss of associates	**—**	(1.2)
EBITDA	**151.6**	172.1
Net foreign exchange (gains) /losses	**(3.2)**	7.6
Net restructuring costs	**11.5**	17.6
Share of loss of associates	**—**	1.2
Other reconciling adjustments	**0.2**	—
Adjusted EBITDA	**160.1**	198.5
Less:		
Depreciation and impairment of PP&E	**(50.6)**	(47.1)
Depreciation and impairment of right-of-use assets	**(15.3)**	(14.7)
Amortisation and impairment of intangible assets	**(37.4)**	(35.0)
Add back:		
Depreciation uplift arising on purchase accounting	**4.9**	5.3
Amortisation uplift arising on purchase accounting	**22.0**	20.8
Adjusted EBIT	**83.7**	127.8

* See Non-IFRS measures on pages 18 to 20

The operating profit of €48.3 million (H1 2021: €76.5 million) reflects the challenging operating conditions being experienced in 2022 due to inflationary pressures impacting our input costs and pricing pressures impacting recoveries. Management is making good progress on negotiating for compensation for the inflationary cost increases and also resetting purchase order prices for future business.

The restructuring and cost rationalisation programme started in 2020 continues to be implemented through 2022 and we are now starting to see the benefits across the business. We incurred further restructuring charges of €11.5 million in the period related to permanent headcount reductions across all our businesses and the planned closure and downsizing of manufacturing plants in Europe. During the period we have written down the assets in our Russian businesses and incurred costs of €6.0 million which are included in the restructuring charge. At the end of H1 2022 there was a restructuring provision of €9.6 million (December 2021: €15.8 million).

Adjusted EBITDA in the first half of the year was €160.1 million (H1 2021: €198.5 million) and Adjusted EBITDA margin was 10.3% (H1 2021: 13.0%) with the major impact being the increase in operating costs as mentioned above. We continue to see challenge in the supply chain relating to pricing pressure and inflation of input costs for metals, resin, labour and utilities.

Adjusted EBIT was €83.7 million (H1 2021: €127.8 million) and Adjusted EBIT margin was 5.4% (H1 2021: 8.4%). This change was impacted by lower Adjusted EBITDA. During the period there were programme specific impairment charges of €0.7 million (H1 2021: €1.2 million).

By segment, FCS Adjusted EBIT was €46.1 million compared to €69.6 million in H1 2021, with Adjusted EBIT margin of 5.3% (H1 2021: 8.6%). The period over period margin reduction reflects increasing inflation on metal and resin, components and labour, as well as the lag on recoveries. These impacts have offset the fixed cost savings arising from efficiency gains and restructuring benefits.

FTDS Adjusted EBIT was €37.6 million compared to €58.2 million in H1 2021, with Adjusted EBIT margin of 5.5% (H1 2021: 8.2%). The reduction in margin reflects the conversion of lower revenues in the period, as well as increased operating costs and delayed recoveries.

Net finance expense

Net finance expense for the period was €28.5 million, a decrease of €2.3 million from the prior period (excluding the exceptional write-off of unamortised issue costs in the prior period). The decrease was due to the refinancing carried out in April 2021, reflecting the more favourable terms compared to the previous debt facilities.

Taxation

The income tax charge for the first half of 2022 is €19.3 million based on Group profit before tax of €19.8 million. This period over period decrease in the tax charge of €5.3 million is primarily due to a significant period over period decrease in profit. However, there was also an increase in the tax charge due to the H1 2022 establishment of tax valuation allowances in Argentina, Russia and South Africa which increased the H1 2022 tax charge and Effective Tax Rate. The H1 2022 Effective Tax Rate is 97.5% (H1 2021: 55.2%) There were no significant changes to uncertain tax positions during the period.

The H1 2022 Adjusted Effective Tax Rate is 46.4% (H1 2021: 34.6%). The Adjusted Effective Tax Rate is calculated by adjusting for the impact of UK losses, the impact of the share of associate loss and the prior period tax movements.

Table 6 shows the calculation of the Effective and Adjusted Effective Tax Rates.

Table 6: Calculation of Effective and Adjusted Effective Tax rates* €m

Amounts in the table below do not include the H1 2021 exceptional charge of €11.6 million and exceptional tax benefit of €2.8 million.

	H1 2022			H1 2021		
	Profit before tax	**Tax charge**	**Tax rate**	Profit before tax	Tax charge	Tax rate
Statutory basis	**19.8**	**(19.3)**	**97.5 %**	44.5	(24.6)	55.2%
Add back:						
Share of associate loss	**—**			1.2		
UK accounting loss**	**22.2**	**—**		26.3	—	
	42.0	**(19.3)**	**46.0 %**	72.0	(24.6)	34.2 %
Less:						
Prior period deferred tax charge		**1.4**			—	
Prior period corporate tax benefit		**(1.6)**			(0.3)	
Adjusted	**42.0**	**(19.5)**	**46.4 %**	72.0	(24.9)	34.6 %

*See Non-IFRS measures on pages 18 to 20

** UK accounting loss is not tax effected due to the UK historical tax loss position

Adjusted Net Income* and profit for the period

Adjusted Net Income is a component of the Adjusted Basic EPS calculation and is also used to guide our dividend policy calculation. The calculation of Adjusted Net Income is shown in table 7a.

Table 7a: Adjusted Net Income* €m

	H1 2022	H1 2021
Adjusted EBITDA (see table 5)	**160.1**	198.5
Less:		
Net finance expense before exceptional items	**(28.5)**	(30.8)
Income tax expense before exceptional items	**(19.3)**	(24.6)
Depreciation and impairment of PP&E	**(50.6)**	(47.1)
Depreciation and impairment of right-of-use assets	**(15.3)**	(14.7)
Amortisation and impairment of intangible assets	**(37.4)**	(35.0)
Non-controlling interests' share of profit	**—**	(0.9)
Adjusted Net Income	**9.0**	45.4

Table 7b: Reconciliation of profit for the period to Adjusted Net Income* €m

	H1 2022	H1 2021
Profit for the period	**0.5**	11.1
Less:		
Non-controlling interests' share of profit	**—**	(0.9)
Net foreign exchange (gains)/ losses	**(3.2)**	7.6
Add back:		
Exceptional finance expenses	**—**	11.6
Exceptional deferred tax credit	**—**	(2.8)
Net restructuring costs	**11.5**	17.6
Share of loss of associates	**—**	1.2
Other reconciling adjustments	**0.2**	—
Adjusted Net Income	**9.0**	45.4

*See Non-IFRS measures on pages 18 to 20

Adjusted Net Income was €9.0 million in H1 2022 compared to €45.4 million in H1 2021, primarily driven by the flow through of lower revenues and increased operating costs.

Basic EPS and Adjusted Basic EPS*

On a statutory basis, Basic Earnings per Share ('EPS') was 0.10 Euro cents for the period (H1 2021: 1.96 Euro cents), reflecting the reduced profit for the period. Adjusted Basic EPS calculation is based on Adjusted Net Income and the weighted average number of shares issued. Adjusted Basic EPS was 1.75 Euro cents per share for the period (H1 2021: 8.75 Euro cents per share) reflecting the decrease in Adjusted Net Income as noted above.

*See Non-IFRS measures on pages 18 to 20

Dividend

The Company's dividend policy is to target an annual dividend of approximately 30% of Adjusted Net Income, one third payable following half year results and two thirds following the Group's final results.

The Group paid a final dividend in respect of the 2021 financial year of 1.46 Euro cents per share, amounting to €7.5 million on 23 June 2022. The Group is committed to its stated annual dividend policy and the Board has recommended a 2022 interim dividend of 1.00 Euro cents per share, amounting to €5.1 million. The Board continues to believe that dividends represent an important part of the Group's shareholder value proposition and that the Company's dividend policy is both affordable and sustainable within its wider capital allocation framework.

Cash Flow performance

The Group uses Adjusted Free Cash Flow as its primary operating measure of cash flow performance.

Table 8a: Adjusted Free Cash Flow* €m

	H1 2022	H1 2021
Net cash generated from operating activities	**40.2**	98.8
Net cash used by investing activities	**(56.3)**	(62.6)
Free Cash Flow*	**(16.1)**	36.2
Deduct:		
Amounts received in cash from Financial Assets at FVTPL (included in net cash generated from operations)	**(0.7)**	—
Add back:		
Net restructuring cash spend	**12.2**	10.1
Tax paid on the gain on the disposal of associated undertakings	**3.0**	—
Adjusted Free Cash Flow*	**(1.6)**	46.3

Table 8b: Reconciliation of Adjusted EBITDA to Adjusted Free Cash Flow* €m

	H1 2022	H1 2021
Adjusted EBITDA	**160.1**	198.5
Less:		
Net cash interest paid	**(24.1)**	(22.6)
Cash taxes paid	**(25.3)**	(28.0)
Payment for property, plant and equipment	**(39.9)**	(42.2)
Payment for intangible assets	**(15.3)**	(21.7)
Movement in working capital	**(54.4)**	(37.1)
Movement in retirement benefit obligations	**(2.6)**	(1.2)
Movement in provisions and other	**(14.6)**	(9.5)
Free Cash Flow*	**(16.1)**	36.2
Deduct:		
Amounts received in cash from Assets at FVTPL	**(0.7)**	—
Add back:	**—**	—
Restructuring cash spend	**12.2**	10.1
Tax paid on the gain on the disposal of associated undertakings	**3.0**	—
Adjusted Free Cash Flow*	**(1.6)**	46.3

*See Non-IFRS measures on pages 18 to 20

In H1 2022, Adjusted Free Cash Flow was €(1.6) million (H1 2021: €46.3 million). The Adjusted EBITDA generated by the Group was used to fund investment in capital equipment and intangibles. There was a €8.7 million decrease in property, plant and equipment and intangibles expenditure. Tax cash payments were €2.7 million lower due to lower profits. The outflow from working capital of €54.4 million was driven by the increase in working capital balances due to the increased level of uncertainty leading to holding higher levels of inventory and increased receivables particularly in our China operations which suffered from sudden COVID related shutdowns and in Europe which has been impacted by short notice customer call off changes as a result of parts shortages from Ukraine. The net cash outflow on restructuring was €12.2 million, predominantly severance payments (H1 2021: €10.1 million) and included €1.1 million relating to the suspension of trading activities in Russia.

Cash outflows from financing were €37.8 million (H1 2021: €68.8 million), and together with free cash outflows of €16.1 million (H1 2021: €36.2 million inflows), resulted in a reported decrease in cash and cash equivalents before currency translation of €53.9 million (H1 2021: €(32.6) million). Financing outflows include purchase of own shares of €11.4 million (H1 2021: nil), borrowing repayments of €2.7 million (H1 2021: €17.8 million including fees), €16.2 million (H1 2021: €16.0 million) lease principal repayments and €7.5 million dividend payments (H1 2021: €35.0 million).

Retirement benefits

We operate funded and unfunded defined benefit schemes across multiple jurisdictions with the largest being the US pension and retiree healthcare schemes, which represent 57% of our net unfunded position at 30 June 2022 (H1 2021: 52%). We also have funded schemes in Germany 18% (H1 2021: 20%), UK and Canada nil% (H1 2021: 1%). While all our major plans are closed to new entrants, a few allow for future accrual. Our schemes are subject to periodic actuarial valuations. Our net unfunded position decreased by €19.3 million from December 2021 to €108.8 million at 30 June 2022 due primarily to discount rates differential period-on-period and overall pension investment performance.

Net debt* and net leverage*

Net debt, a non-IFRS measure, as at 30 June 2022 was €664.1 million, an increase of €63.8 million from the prior year end. The facilities also include a $225.0 million revolving credit facility with an undrawn amount of $223.1 million (€213.1 million) at 30 June 2022. Full details of the facilities are given in Note 8. Issuance fees and discounts of €23.0 million on the loans are carried forward for future amortisation.

The Group's net leverage ratio, also a non-IFRS measure, was 2.1 times last twelve months Adjusted EBITDA of €314.5 million as at 30 June 2022 (31 December 2021: 1.7 times, last twelve months Adjusted EBITDA of €352.9 million); the increase reflects the lower Adjusted EBITDA.

The Group excludes IFRS 16 lease liabilities from its net debt and net leverage ratio. If the IFRS 16 lease liabilities were to be included, the Group's net debt would be €808.8 million (31 December 2021: €750.2 million) and net leverage ratio would be 2.6 times Adjusted EBITDA (31 December 2021: 2.1 times).

*See Non-IFRS measures on pages 18 to 20

Liquidity and Going Concern

Our principal sources of liquidity have historically been cash generated from operating activities and amounts available under our credit facilities, that currently consist of a revolving facility under our cash flow credit agreement of $225.0 million (€214.9 million). Total available liquidity (cash plus available facilities) on 30 June 2022 was €670.5 million (31 December 2021: €695.3 million).

The Directors have reviewed the likely performance of the Group for the period to 31 December 2023 by reference to an outlook using the approved Budget and Medium-Term Plan, updated for actual year to date performance and current projections as a base case scenario (global light vehicle volume assumptions - 2022: 78.0 million units, 2023: 84.3 million units). The volumes used are lower than the current IHS global light vehicle production forecast of 80.8 million units for 2022 and 87.3 million units for 2023 reflecting some modelling caution and alignment with the assumptions made during our Budget and Medium-Term Plan which assumed a slower recovery to normalised production volumes in light of the continued supply chain shortages. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's existing committed finance facilities, the Group's strategy, business model and the potential impact of the principal risks and how these are managed, as detailed in the strategic report contained within the 2021 Annual Report.

In making their assessment, the Directors reviewed a base case forecast covering the period to 31 December 2023 prepared using a global light vehicle production volume forecast which takes account of the short-term challenges associated with the current supply chain issues and showed liquidity (cash plus undrawn banking facilities) of €804 million at the end of the review period. The base model was stress tested to assess the adverse impact of the crystallisation of the principal risks likely to have a significant financial impact in the period to December 2023. This severe but plausible downside scenario assumed:

- A further 10% lower global production volumes in Q4 2022 and 2023 compared to the data used in the base model, volumes used – 2022: 75.9 million units, 2023: 75.9 million units, (Risk: Global Light Vehicle production volumes)
- 10% increase in direct costs caused by inflationary pressures (commodities and energy costs), environmental strategy implementation costs and customer price reduction pressures from schedule changes (Risk: Competition and Customer Pricing Pressure, and Business Continuity)
- A further 0.5% sales price reduction in addition to reduction already assumed in the base case (Risk: Competition and Customer Pricing Pressure)
- €25 million additional annual supply chain disruption costs (Risk: Business Continuity)

The other principal risks were not considered to have a significant sustained financial impact.

The impact of the severe but plausible downside scenario would be to reduce available liquidity as per the base case to €523 million at the end of the review period, €281 million lower than the base case. In both the base case and the severe but plausible downside scenario, no breach of covenant is projected for the review period.

A reverse stress test was performed to determine the level of global light vehicle production which would extinguish all cash. It was found that even a 100% volume reduction from October 2022 through 2023 compared to the base case (volumes used – 2022: 58.0 million units, 2023: 0 units) would not use up the existing cash, and the $225 million revolving credit facility would not be utilised. This contrasts with the 2020 global light vehicle production low of 74.6 million, a drop of 16.1% to compared to 2019. As a result, the Directors do not believe that a catastrophic 100% volume drop in 2023 is likely and therefore do not regard this as a probable outcome.

The current banking facilities were also considered and specifically the available headroom under the downside scenario and their availability during the review period as well as any associated covenants. The downside model showed the availability of significant liquidity headroom without use of the revolving credit facility. The only covenant measure that exists is a leverage ratio which must be below 3.8x Adjusted EBITDA when the revolving facility is drawn over 35%, there were no covenant breaches in the review period.

The Directors have concluded after reviewing the future funding requirements for the Group over the period to the end of 2023 by reference to the headroom on the committed banking facilities and the expected performance of the Group, that it is appropriate for the financial statements to be prepared on a going concern basis with no material uncertainties.

Principal Risks and Uncertainties

The executive management and Directors have considered the principal risks and uncertainties of the Group and have determined, on balance, that those reported in the 2021 Annual Report and Accounts remain relevant for the remaining half of the financial year. Current operating challenges from volatile customer production volumes and supply chain disruptions in the automotive industry are not thought to represent prolonged long-term risks though they will persist into the second half and into 2023. In addition, the Directors noted that the increasing inflationary pressure on our input costs has posed, and will continue to pose, challenges on the business in the short and potentially medium term. An associated risk is our ability to recover increased costs from the customers as the supply chain rebalances over the short and medium term. In the first half of 2022, we have been able to recover part of the cost increases from the customers and realign prices accordingly, but the challenge of inflationary pressure will continue, requiring careful management.

Furthermore, the Directors noted a potential risk with regard to energy availability (in particular natural gas) as a result of recent political and economic tensions within Europe following Russia's invasion of Ukraine. The macro environment is still evolving, and the Company is assessing the potential exposure and mitigation.

The Directors continue to monitor and consider the current COVID-19 landscape and related risks stemming from the pandemic as well as reviewing the developing risks identified in our 2021 Annual Report - product portfolio redundancies, technological obsolescence, product pivoting, climate change and increasing geopolitical tensions and conflict. We continue to believe that these do not represent separate new principal risks and uncertainties at this time.

Details of the Group's Principal Risks and Uncertainties are available in the 2021 Annual Report and Accounts available on our website www.tifluidsystems.com.

Outlook

While market uncertainties and economic risks persist, we anticipate that full year production volumes will be at, or slightly above 2021 levels, as microchip availability gradually improves, and that inflationary cost increases will continue, albeit at a slower pace. We continue to make good progress with customer negotiations for cost recoveries. As such, we expect the Group's margins to recover during H2 2022.

Based on our H1 2022 results and current view of H2 2022, we are maintaining our previously issued full year 2022 outlook guidance. We expect to achieve revenue outperformance vs GLVP, margins slightly below 2021 levels and historical levels of cash flow conversion.

Non-IFRS measures

In addition to the results reported under IFRS, we use certain non-IFRS financial measures to monitor and measure performance of our business and operations and the profitability of our Divisions. Such measures are also utilised by the Board as targets in determining compensation of certain executives and key members of management, as well as in our communications with investors. In particular, we use Adjusted EBIT, Adjusted EBITDA, Adjusted Net Income, Adjusted Basic EPS, Adjusted Free Cash Flow, Constant Currency, Net Debt and Adjusted Effective Tax Rate. These non-IFRS measures are not recognised measurements of financial performance or liquidity under IFRS, and should be viewed as supplemental and not replacements or substitutes for any IFRS measures.

EBITDA is defined as profit or loss before tax, net finance expense, depreciation, amortisation and impairment of tangible and intangible assets, and share of associate profits or losses.

Adjusted EBITDA is defined as EBITDA adjusted for exceptional operating costs, net foreign exchange gains/(losses), net restructuring charges, share of associate profits or losses, associate dividends received and the impact of any business acquisitions or disposals.

Adjusted EBIT is defined as Adjusted EBITDA less depreciation, amortisation and non-exceptional impairment on tangible and intangible assets (except those included in restructuring costs) net of depreciation and amortisation on purchase price accounting.

Constant currency refers to the statement of prior period results at current exchange rates to eliminate fluctuations in translation rates and achieve a like for like comparison.

Revenue outperformance/underperformance is defined as the change in revenue at constant currency compared to the change in global light vehicle production volumes.

Operating profit margin is defined as operating profit expressed as a percentage of revenue.

Adjusted Net Income is defined as Profit or Loss for the period attributable to the ordinary shareholders before exceptional items adjusted to reflect associate dividends received and eliminate the impact of net restructuring charges, foreign exchange gains or losses and the impact of any business acquisitions or disposals.

Adjusted Basic EPS is defined as Adjusted Net Income divided by the weighted average number of shares in issue in the period.

Free Cash Flow is defined as the total of net cash generated from operating activities and net cash used by investing activities.

Adjusted Free Cash Flow is defined as Free Cash Flow adjusted for cash movements in financial assets at fair value through profit or loss ('FVTPL'), net cash flows relating to restructuring, settlement of derivatives and the impact of any business acquisitions or disposals. The restructuring cash adjustment is made to align the treatment of restructuring with the other adjusted measures.

Adjusted Income Tax before Exceptional items is defined as income tax before exceptional items adjusted for the tax impact of prior period tax provisions and adjustments, UK accounting losses and tax arising on the impact of any business acquisitions or disposals.

Adjusted Profit before Income Tax is defined as profit before income tax adjusted for UK losses, share of associate loss, and the impact of any business acquisitions or disposals.

Adjusted Effective Tax Rate is defined as adjusted income tax before exceptional items as a percentage of adjusted profit before income tax.

Net debt is defined as the total of current and non-current borrowings excluding lease liabilities, net of cash and cash equivalents and financial assets at fair value through profit or loss.

Net leverage is defined as net debt divided by Adjusted EBITDA of the last twelve months.

Ronald Hundzinski

Chief Financial Officer

8 August 2022

Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of TI Fluid Systems plc (the “Group”). The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “should” and similar expressions identify forward-looking statements. Others can be identified from the context in which they are made. By their nature, forward-looking statements involve risks and uncertainties, and such forward-looking statements are made only as of the date of this presentation. Accordingly, no assurance can be given that the forward-looking statements will prove to be accurate and you are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty therein. Past performance of the Company cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit forecast.

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Condensed Consolidated Income Statement

For the period ended 30 June

Continuing operations **Unaudited**	Note	**2022** **€m**	2021 Before exceptional items €m	2021 Exceptional items €m	2021 After exceptional items €m
Revenue	2	**1,559.5**	1,522.5	—	1,522.5
Cost of sales		**(1,401.7)**	(1,334.0)	—	(1,334.0)
Gross profit		**157.8**	188.5	—	188.5
Distribution costs		**(53.3)**	(46.1)	—	(46.1)
Administrative expenses		**(60.1)**	(60.2)	—	(60.2)
Other income		**0.7**	1.9	—	1.9
Net foreign exchange gains/(losses)		**3.2**	(7.6)	—	(7.6)
Operating profit		**48.3**	76.5	—	76.5
Finance income	3	**1.6**	2.5	—	2.5
Finance expense	3	**(30.1)**	(33.3)	(11.6)	(44.9)
Net finance expense	3	**(28.5)**	(30.8)	(11.6)	(42.4)
Share of loss of associates		**—**	(1.2)	—	(1.2)
Profit before income tax		**19.8**	44.5	(11.6)	32.9
Income tax expense	4	**(19.3)**	(24.6)	2.8	(21.8)
Profit for the period		**0.5**	19.9	(8.8)	11.1
Profit for the period attributable to:					
Owners of the Parent Company		**0.5**	19.0	(8.8)	10.2
Non-controlling interests		**—**	0.9	—	0.9
		0.5	19.9	(8.8)	11.1
Total earnings per share (Euro, cents)					
Basic	5	**0.10**			1.96
Diluted	5	**0.10**			1.95

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June

	Unaudited 2022 €m	Unaudited 2021 €m
Profit for the period	**0.5**	11.1
Other comprehensive income		
Items that will not be reclassified to profit or loss		
– Re-measurements of retirement benefit obligations	**22.9**	24.4
– Income tax expense on retirement benefit obligations	**(5.6)**	(4.9)
	17.3	19.5
Items that may be subsequently reclassified to profit or loss		
– Currency translation	**42.4**	31.8
Total other comprehensive income for the period	**59.7**	51.3
Total comprehensive income for the period	**60.2**	62.4
Attributable to:		
– Owners of the Parent Company	**60.2**	61.6
– Non-controlling interests	**—**	0.8
Total comprehensive income for the period	**60.2**	62.4

Condensed Consolidated Balance Sheet

As at 30 June and 31 December

	Note	**Unaudited 2022 €m**	2021 €m
Non-current assets			
Intangible assets	7	**888.2**	884.8
Right-of-use assets		**119.6**	125.2
Property, plant and equipment	6	**589.1**	595.4
Deferred income tax assets	4	**66.7**	70.5
Trade and other receivables		**18.8**	19.2
		1,682.4	1,695.1
Current assets			
Inventories		**385.5**	332.3
Trade and other receivables		**605.6**	520.5
Current income tax assets	4	**9.3**	11.4
Derivative financial instruments	9	**1.0**	0.9
Financial assets at fair value through profit and loss	9	**0.2**	0.9
Cash and cash equivalents	9	**457.4**	499.1
		1,459.0	1,365.1
Total assets		**3,141.4**	3,060.2
Equity			
Share capital		**6.8**	6.8
Share premium		**2.2**	2.2
Other reserves		**(19.0)**	(61.4)
Retained earnings		**997.6**	995.9
Equity attributable to owners of the Parent Company		**987.6**	943.5
Non-controlling interests		**0.4**	0.4
Total equity		**988.0**	943.9
Non-current liabilities			
Trade and other payables		**14.4**	14.6
Borrowings	8	**1,120.0**	1,098.5
Lease liabilities	8	**115.2**	119.8
Deferred income tax liabilities	4	**93.9**	95.8
Retirement benefit obligations	10	**108.8**	128.1
Provisions	11	**2.8**	2.6
		1,455.1	1,459.4
Current liabilities			
Trade and other payables		**601.0**	546.1
Current income tax liabilities	4	**44.1**	49.9
Borrowings	8	**1.7**	1.8
Lease liabilities	8	**29.5**	30.1
Derivative financial instruments	9	**0.8**	0.3
Provisions	11	**21.2**	28.7
		698.3	656.9
Total liabilities		**2,153.4**	2,116.3
Total equity and liabilities		**3,141.4**	3,060.2

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June

Unaudited	**Ordinary shares €m**	**Share premium €m**	**Other reserves €m**	**Retained earnings €m**	**Total €m**	**Non-controlling interests €m**	**Total equity €m**
Balance at 1 January 2022	**6.8**	**2.2**	**(61.4)**	**995.9**	**943.5**	**0.4**	**943.9**
Profit for the period	**—**	**—**	**—**	**0.5**	**0.5**	**—**	**0.5**
Total other comprehensive income for the period	**—**	**—**	**42.4**	**17.3**	**59.7**	**—**	**59.7**
Total comprehensive income for the period	**—**	**—**	**42.4**	**17.8**	**60.2**	**—**	**60.2**
Share-based expense	**—**	**—**	**—**	**3.7**	**3.7**	**—**	**3.7**
Dividends paid	**—**	**—**	**—**	**(7.5)**	**(7.5)**	**—**	**(7.5)**
Issue of own shares from Employee Benefit Trust	**—**	**—**	**—**	**1.0**	**1.0**	**—**	**1.0**
Vested share awards	**—**	**—**	**—**	**(1.9)**	**(1.9)**	**—**	**(1.9)**
Purchase of own shares	**—**	**—**	**—**	**(11.4)**	**(11.4)**	**—**	**(11.4)**
Total transactions with owners	**—**	**—**	**—**	**(16.1)**	**(16.1)**	**—**	**(16.1)**
Balance at 30 June 2022	**6.8**	**2.2**	**(19.0)**	**997.6**	**987.6**	**0.4**	**988.0**

Unaudited	Ordinary shares €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2021	6.8	2.2	(137.7)	987.7	859.0	25.2	884.2
Profit for the period	—	—	—	10.2	10.2	0.9	11.1
Total other comprehensive income for the period	—	—	31.9	19.5	51.4	(0.1)	51.3
Total comprehensive income for the period	—	—	31.9	29.7	61.6	0.8	62.4
Share-based expense	—	—	—	3.5	3.5	—	3.5
Dividends paid	—	—	—	(35.0)	(35.0)	—	(35.0)
Issue of own shares from Employee Benefit Trust	—	—	—	1.2	1.2	—	1.2
Vested shared awards	—	—	—	(0.9)	(0.9)	—	(0.9)
Total transactions with owners	—	—	—	(31.2)	(31.2)	—	(31.2)
Balance at 30 June 2021	6.8	2.2	(105.8)	986.2	889.4	26.0	915.4

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June

	Note	**Unaudited Half Year 2022 €m**	Unaudited Half Year 2021 €m
Cash flows from operating activities			
Cash generated from operations	12	**91.4**	150.7
Interest paid		**(25.9)**	(23.9)
Income tax paid		**(25.3)**	(28.0)
Net cash generated from operating activities		**40.2**	98.8
Cash flows from investing activities			
Payment for property, plant and equipment		**(39.9)**	(42.2)
Payment for intangible assets		**(15.3)**	(21.7)
Proceeds from the sale of property, plant and equipment		**0.1**	—
Tax paid on the proceeds from the sale of associated undertakings		**(3.0)**	—
Interest received		**1.8**	1.3
Net cash used by investing activities		**(56.3)**	(62.6)
Cash flows from financing activities			
Purchase of own shares		**(11.4)**	—
Proceeds from new borrowings		**—**	600.0
Fees paid on proceeds from new borrowings		**—**	(13.7)
Voluntary repayments of borrowings		**—**	(600.0)
Scheduled repayments of borrowings	8	**(2.7)**	(4.1)
Lease principal repayments	8	**(16.2)**	(16.0)
Dividends paid		**(7.5)**	(35.0)
Net cash used by financing activities		**(37.8)**	(68.8)
Decrease in cash and cash equivalents		**(53.9)**	(32.6)
Cash and cash equivalents at the beginning of the period		**499.1**	485.8
Currency translation on cash and cash equivalents		**12.2**	16.2
Cash and cash equivalents at the end of the period		**457.4**	469.4

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are the same as those applied in the audited consolidated financial statements for the year ended 31 December 2021.

1.1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared on the going concern basis. They do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These condensed consolidated interim financial statements have been reviewed, not audited.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed consolidated interim financial statements need to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

1.2. New and Revised IFRS Affecting Amounts Reported in the Current Period (and/or Prior Periods)

There are no new standards or IFRS IC interpretations effective in the period that have a material impact on the Group.

1.3. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates and for management to exercise judgement in applying the Group's accounting policies. Assumptions and accounting estimates are subject to regular review, governed by Group-wide policies and controls. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

The judgement and estimates that have the most significant and critical effect on the amounts included in the financial statements are in relation to post-employment obligations and impairments of assets as described below.

1.3.1 Critical Accounting Estimates

Details of the Group's critical accounting estimates around post-employment obligations can be found in Note 1.4.1.1 of the audited consolidated financial statements for the year ended 31 December 2021.

1.3.2 Critical Accounting Judgements

1.3.2.1 Impairments of assets

Management carry out the annual impairment review on the Group's intangible and tangible assets as at 31 December, which involves judgement in determining the assets' recoverable amount (as outlined in the 2021 Annual Report and Accounts). At interim reporting, Management performed a review for any indicators of impairment, as an update to the impairment review performed as part of the 2021 year-end process. Further discussion on this assessment is included within Note 7.

2. Segment Reporting

In accordance with the provisions of IFRS 8 'Operating Segments', the Group's segment reporting is based on the management approach with regard to segment identification; under which information regularly provided to the chief operating decision maker ('CODM') for decision-making purposes forms the basis of the disclosure. The Company's CODM is the Chief Executive Officer ('CEO'), the Chief Operating Officer and the Chief Financial Officer. The CODM evaluates the performance of the Company's segments primarily on the basis of revenue, Adjusted EBITDA, and Adjusted EBIT.

Two operating segments have been identified by the Group: Fluid Carrying Systems ('FCS') and Fuel Tank and Delivery Systems ('FTDS').

	Unaudited Half Year 2022 €m	Unaudited Half Year 2021 €m
Revenue		
– FCS - External	**876.9**	813.1
- Inter-segment	**34.8**	36.7
	911.7	849.8
– FTDS - External	**682.6**	709.4
- Inter-segment	**2.0**	0.1
	684.6	709.5
Inter-segment elimination	**(36.8)**	(36.8)
Total consolidated revenue	**1,559.5**	1,522.5
Adjusted EBITDA		
– FCS	**82.3**	98.3
– FTDS	**77.8**	100.2
	160.1	198.5
Adjusted EBITDA % of revenue		
– FCS	**9.4 %**	12.1 %
– FTDS	**11.4 %**	14.1 %
Total	**10.3 %**	13.0 %
Adjusted EBIT		
– FCS	**46.1**	69.6
– FTDS	**37.6**	58.2
	83.7	127.8
Adjusted EBIT % of revenue		
– FCS	**5.3 %**	8.6 %
– FTDS	**5.5 %**	8.2 %
Total	**5.4 %**	8.4 %

A reconciliation of non-IFRS measures to statutory measures is included within the CFO's Report on page 12.

3. Finance Income and Expenditure

	Note	**Unaudited Half Year 2022 €m**	Unaudited Half Year 2021 €m
Finance income			
Interest on short-term deposits, other financial assets and other interest income		**1.6**	1.5
Fair value gains on derivatives and foreign exchange contracts not in hedged relationships		**—**	1.0
Finance income		**1.6**	2.5
Finance expense			
Interest payable on term loans including expensed fees	8	**(11.8)**	(21.9)
Interest payable on unsecured senior notes including expensed fees	8	**(11.9)**	(4.9)
Net interest expense of retirement benefit obligations	10	**(1.4)**	(1.3)
Fair value net losses on derivatives and foreign exchange contracts not in hedged relationships		**(0.4)**	—
Net interest expense related to specific uncertain tax positions		**—**	(0.2)
Interest payable on lease liabilities		**(4.6)**	(5.0)
Finance expense before exceptional items		**(30.1)**	(33.3)
Unamortised issuance discounts and fees expensed on voluntary repayments of borrowings		**—**	(11.6)
Exceptional finance expense		**—**	(11.6)
Finance expense after exceptional items		**(30.1)**	(44.9)
Total net finance expense		**(28.5)**	(42.4)

Exceptional finance expenses in the prior period of €11.6 million relate to a release of unamortised transaction costs following a partial extinguishment of the Group's Euro and US dollar term loans.

4. Income Tax

The income tax expense for the period ending 30 June 2022 has been recognised based on Management's estimate of the annual effective tax rate of each legal entity (or tax group within a country), considering any projected permanent tax adjustments and tax credits that are available, multiplied by the applicable statutory tax rate for each country. The annual estimated effective tax rates are applied to the first half profits / losses of each legal entity or tax group to determine the overall Group tax charge for the period.

This has resulted in an ordinary effective tax rate of 97.5% for the half year ended 30 June 2022 (55.2% for the half year ended 30 June 2021). The effective tax rate is impacted by UK accounting losses of €22.2 million for the half year ended 30 June 2022 (€26.3 million for the half year ended 30 June 2021). This is not tax effected due to the projected and historical tax loss position in the UK and therefore has a material impact on the effective tax rate for both periods.

The UK accounting losses incurred to 30 June 2022 are due to net interest and financing expense in the amount of €6.6 million (30 June 2021: €10.8 million) and net foreign exchange gains of €(6.1) million (30 June 2021: net foreign exchange loss of €4.7 million) due to movements in the US dollar and Euro exchange rates related to US dollar denominated intercompany loans. It also includes other operating expenses of €21.7 million (30 June 2021: €10.8 million).

When the UK accounting losses of €22.2 million for the half year ended 30 June 2022 (€26.3 million loss for the half year ended 30 June 2021), the share of the associates loss (H1 2021 only) and the prior period tax adjustments are not considered, the effective tax rate is adjusted to 46.4% for the half year to 30 June 2022 (34.6% for the half year ended 30 June 2021).

The effective tax rate was also impacted by the establishment of tax valuation allowances in Argentina, Russia and South Africa which increased the tax charge and Effective Tax Rate for the period ended 30 June 2022.

Exceptional Charge / Tax Benefit:

During April 2021, the Group debt was refinanced which resulted in the write-off of a portion of the US related loan fees from prior refinancing transactions. This resulted in an exceptional US refinancing charge of €11.6 million and a tax benefit of €2.8 million for the half year ended 30 June 2021. The exceptional tax benefit of €2.8 million resulted in an effective tax rate of approximately 24% representing the blended US Federal and various State effective tax rates. There was no similar exceptional tax charge / benefit in the six months to 30 June 2022.

Other items:

The table below analyses the constituent elements of the Group income tax charge. It separately identifies the tax charges recognised in respect of i) entities that ordinarily pay tax or where the recognition of deferred tax assets is appropriate, ii) the impact of entities where the level of tax losses limits the payment of tax or restricts the deferred tax recognition in respect of the losses, iii) the impact of withholding taxes suffered and tax charges recognised in respect of unremitted overseas distributable reserves and iv) the impact of purchase accounting adjustments.

Unaudited	Half Year 2022 Profit before tax €m	 Tax (charge)/ credit €m	 ETR	Half Year 2021 Profit before tax €m	 Tax credit/(c harge) €m	 ETR
Results excluding exceptional items	**19.8**	**(19.3)**	**97.5 %**	44.5	(24.6)	55.2 %
Adjustments:						
Share of associate losses	**—**	—	**— %**	1.2	—	**— %**
	19.8	**(19.3)**	**97.5 %**	45.7	(24.6)	53.8 %
Analysed as:						
Tax charges (including deferred tax assets) recognised	**76.8**	**(20.6)**	**26.8 %**	100.8	(27.8)	27.6 %
Tax losses where no deferred tax assets recognised	**(30.2)**	**(1.5)**	**(5.0)%**	(29.1)	—	— %
Withholding tax and Group tax on unremitted distributable reserves	**—**	**(3.7)**		—	(3.1)	
Annual amortisation and depreciation of assets with historic purchase price accounting	**(26.8)**	**6.5**	**24.3 %**	(26.0)	6.3	24.3 %
	19.8	**(19.3)**	**97.5 %**	45.7	(24.6)	53.8 %

Deferred tax assets originating from tax loss carry forwards mainly relate to Germany, France and Spain as at 30 June 2022. Forecasts for Germany, France and Spain are prepared by management on a five year basis and use external automotive industry data sources. The forecasts demonstrate several years of continued future profitability and all have consistent expectations of future financial performance. As a result management believe that the current tax losses will be utilised.

5. Earnings Per Share

5.1. Basic and Diluted Earnings Per Share

Unaudited	Half Year 2022 Profit attributable to shareholders (€m)	 Weighted average number of shares (in millions)	 Earnings Per Share (€, cents)	Half Year 2021 Profit attributable to shareholders (€m)	 Weighted average number of shares (in millions)	 Earnings Per Share (€, cents)
Basic	**0.5**	**513.5**	**0.10**	10.2	519.3	1.96
Dilutive shares	**—**	**10.0**	**—**	—	5.5	—
Diluted	**0.5**	**523.5**	**0.10**	10.2	524.8	1.95

5.2. Adjusted Earnings Per Share

Unaudited	Half Year 2022 Basic	 Diluted	Half Year 2021 Basic	 Diluted
Adjusted Net Income (€m)	**9.0**	**9.0**	45.4	45.4
Adjusted Earnings Per Share (€, in cents)	**1.75**	**1.72**	8.75	8.67

Adjusted Net Income is based on profit for the period attributable to shareholders of €0.5 million (2021: €10.2 million) after adding back net adjustments of €8.5 million (2021: €35.2 million). See Table 7b in the Chief Financial Officer's Report for Reconciliation of profit for the period to Adjusted Net Income.

6. Property, Plant and Equipment ("PP&E")

During the period the Group made PP&E additions of €32.3 million (2021 full year: €87.7 million). Assets with a carrying value of €4.2 million (2021 full year: €5.6 million) were disposed/impaired during the period.

7. Intangible Assets and Impairments

Following on from the 2021 annual impairment assessment, Management performed a review for indicators of impairment and reversal of previous impairments as at 30 June 2022 for each cash generating unit (CGU). This review involved assessing factors such as: external forecast global light vehicle production volumes (IHS Markit); supply chain issues stemming from the war in Ukraine; inflationary pressures on input prices and energy costs, and the ability to pass these on to customers; global interruptions of supply of semiconductor chips; and possible changes to the underlying CGU discount rates used in the calculation of recoverable amount.

Having performed this review, Management concluded that the factors considered currently do not sufficiently indicate a long-term deterioration to the Group's business and profitability to trigger a formal impairment review at 30 June 2022, following on from the full impairment review performed as part of the 2021 year-end close. Management will continue to monitor the various events and factors for the remainder of 2022. The next annual full impairment review will be performed as at 31 December 2022.

Management will therefore continue to monitor the potential triggers for the remainder of 2022. During the fourth quarter of 2022, the Group will prepare its full annual budget and medium-term plan, utilising latest volume forecasts and full market analysis covering the period 2023 to 2027. This will form the basis for the 2022 annual impairment test.

8. Borrowings

	Unaudited 30 June 2022 €m	31 December 2021 €m
Non-current:		
Unsecured senior notes	**592.3**	591.7
Secured loans:		
- Term loans and facilities	**527.7**	506.8
Total non-current borrowings	**1,120.0**	1,098.5
Current:		
Secured loans:		
- Term loans and facilities	**1.7**	1.8
Total current borrowings	**1.7**	1.8
Total borrowings	**1,121.7**	1,100.3
Unsecured senior notes	**592.3**	591.7
Term loans and facilities	**529.4**	508.6
Total borrowings	**1,121.7**	1,100.3

The borrowings are shown net of issuance discounts and fees of €23.0 million (2021: €24.6 million).

8.1 Movement in Total Borrowings

Unaudited	**Unsecured senior notes** **€m**	**Term loans and facilities** **€m**	**Total borrowings** **€m**
At 1 January 2022	**591.7**	**508.6**	**1,100.3**
Interest accrued	**11.3**	**10.0**	**21.3**
Scheduled payments	**(11.3)**	**(12.7)**	**(24.0)**
Fees expensed	**0.6**	**1.8**	**2.4**
Currency translation	**—**	**21.7**	**21.7**
At 30 June 2022	**592.3**	**529.4**	**1,121.7**

Accrued interest payable on the borrowings at 30 June 2022 of €4.8 million (31 December 2021: €4.7 million) is included in current trade and other payables.

	Unsecured senior notes	Term loans and facilities	Other loans	Total borrowings
	€m	€m	€m	€m
1 January 2021	—	1,076.6	0.1	1,076.7
Interest accrued	15.9	29.1	—	45.0
Scheduled payments	(15.9)	(35.8)	(0.1)	(51.8)
Fees expensed	0.8	4.4	—	5.2
New borrowings	600.0	—	—	600.0
Fees on new borrowings	(9.1)	(6.2)	—	(15.3)
Voluntary repayments of borrowings	—	(600.0)	—	(600.0)
Fee expensed on voluntary repayments of borrowings	—	11.8	—	11.8
Currency translation	—	28.7	—	28.7
31 December 2021	591.7	508.6	—	1,100.3

8.2 Main Borrowing Facilities

The main borrowing facilities are comprised of unsecured senior notes and a package of secured loans consisting of a Euro term loan, a US dollar term loan and a revolving credit facility (which was undrawn during the period except for letters of credit).

The amounts outstanding under the agreements are:

	Unaudited 30 June 2022	31 December 2021
	€m	€m
Principal outstanding:		
Unsecured senior notes	**600.0**	600.0
US term loan	**283.0**	261.9
Euro term loan	**261.7**	263.0
Total principal outstanding	**1,144.7**	1,124.9
Issuance discounts and fees	**(23.0)**	(24.6)
Main borrowing facilities	**1,121.7**	1,100.3

The unsecured senior notes bear interest at a fixed rate of 3.75% per annum and mature on 15 April 2029. Interest on the notes is payable semi-annually in arrears on April 15 and October 15 of each year.

The US dollar term loan bears interest at US dollar three-month LIBOR (minimum 0.5% p.a.) +3.25% p.a. The amount repayable per quarter on the loan is $750,000 a quarter until the final balance falls due on 16 December 2026. The principal outstanding on the US term loan in US dollars at 30 June 2022 is $296.3 million (31 December 2021: $297.8 million).

The Euro term loan bears interest at three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a. The amount repayable per quarter on the loan is €662,500 a quarter until the final balance falls due on 16 December 2026.

The Group also has access to a revolving credit facility ('RCF') of $225.0 million (31 December 2021: $225.0 million) which matures on 16 July 2026. Drawings under this facility bear interest in a range of US dollar LIBOR +3.0% to US dollar LIBOR + 3.75% p.a. depending on the Group's total net leverage ratio. The facility is available to be used to issue letters of credit on behalf of TI Group Automotive Systems LLC, a subsidiary undertaking. The facility was undrawn during the period except for letters of credit outstanding of $1.9 million (31 December 2021: $1.9 million), resulting in a net undrawn facility at 30 June 2022 of $223.1 million (€213.1 million) (31 December 2021: $223.1 million; €196.2 million). The non-utilisation fee on the facility is 0.25% p.a. In the event the total net leverage ratio is greater than 3.5:1, the non-utilisation fee will increase to 0.375% p.a.

8.3 Movements in Net Borrowings and Lease liabilities

			Non-cash changes				
	At 1 January 2022	**Cash flows**	**New leases**	**Fees expensed net of fees accrued**	**Currency trans-lation**	**Remeas-urement and disposals**	**At 30 June 2022**
Unaudited	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Cash and cash equivalents	**499.1**	**(53.9)**	**—**	**—**	**12.2**	**—**	**457.4**
Financial assets at FVTPL	**0.9**	**(0.7)**	**—**	**—**	**—**	**—**	**0.2**
Borrowings	**(1,100.3)**	**2.7**	**—**	**(2.4)**	**(21.7)**	**—**	**(1,121.7)**
Net borrowings	**(600.3)**	**(51.9)**	**—**	**(2.4)**	**(9.5)**	**—**	**(664.1)**
Lease liabilities	**(149.9)**	**16.2**	**(7.8)**	**—**	**(5.3)**	**2.1**	**(144.7)**
Net borrowings and lease liabilities	**(750.2)**	**(35.7)**	**(7.8)**	**(2.4)**	**(14.8)**	**2.1**	**(808.8)**

			Non-cash changes				
	At 1 January 2021	Cash flows	New leases	Fees expensed	Currency translation	Remeas-urement and disposals	At 31 December 2021
	€m	€m	€m	€m	€m	€m	€m
Cash and cash equivalents	485.8	(11.0)	—	—	24.3	—	499.1
Financial assets at FVTPL	0.9	—	—	—	—	—	0.9
Borrowings	(1,076.7)	22.1	—	(17.0)	(28.7)	—	(1,100.3)
Net borrowings	(590.0)	11.1	—	(17.0)	(4.4)	—	(600.3)
Lease liabilities	(151.0)	31.6	(18.1)		(5.3)	(7.1)	(149.9)
Net borrowings and lease liabilities	(741.0)	42.7	(18.1)	(17.0)	(9.7)	(7.1)	(750.2)

Cash flows from financing activities arising from changes in financial liabilities are analysed below:

	Unaudited 30 June 2022 €m	31 December 2021 €m
Proceeds from new borrowings	**—**	(600.0)
Fees paid on proceeds from new borrowings	**—**	15.3
Voluntary repayments of borrowings	**—**	600.0
Scheduled repayments of borrowings	**2.7**	6.8
Lease principal repayments	**16.2**	31.6
Cash outflows from financing activities arising from changes in financial liabilities	**18.9**	53.7
Borrowings cash flows	**2.7**	22.1
Lease liabilities cash flows	**16.2**	31.6
Cash outflows from financing activities arising from changes in financial liabilities	**18.9**	53.7

9. Fair Values of Financial Assets and Liabilities

Financial Instruments by Category

As at 30 June 2022:

Unaudited **Financial assets**	**Assets at amortised cost** **€m**	**Assets at FVTPL** **€m**	**Total** **€m**
Cash and cash equivalents	**457.4**	**—**	**457.4**
Financial assets at FVTPL	**—**	**0.2**	**0.2**
Trade and other receivables excluding prepayments	**559.0**	**—**	**559.0**
Derivative financial instruments:- forward foreign exchange contracts (cash flow hedges)	**—**	**1.0**	**1.0**
Total at 30 June 2022	**1,016.4**	**1.2**	**1,017.6**

Unaudited **Financial liabilities**	**Liabilities at amortised cost** **€m**	**Liabilities at FVTPL** **€m**	**Total** **€m**
Trade and other payables excluding deferred income	**(531.4)**	**—**	**(531.4)**
Borrowings: unsecured senior notes	**(415.8)**	**—**	**(415.8)**
Borrowings: term loans and facilities	**(529.4)**	**—**	**(529.4)**
Lease liabilities	**(144.7)**	**—**	**(144.7)**
Derivative financial instruments:- forward foreign exchange contracts (cash flow hedges)	**—**	**(0.8)**	**(0.8)**
Total at 30 June 2022	**(1,621.3)**	**(0.8)**	**(1,622.1)**

As at 31 December 2021:

Financial assets	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
Cash and cash equivalents	499.1	—	499.1
Financial assets at FVTPL	—	0.9	0.9
Trade and other receivables excluding prepayments	478.3	—	478.3
Derivative financial instruments:- Forward foreign exchange contracts (cash flow hedges)	—	0.9	0.9
Total at 31 December 2021	977.4	1.8	979.2

Financial liabilities	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
Trade and other payables excluding deferred income	(474.8)	—	(474.8)
Borrowings: unsecured senior notes	(604.5)	—	(604.5)
Borrowings: term loans and facilities	(508.6)	—	(508.6)
Lease liabilities	(149.9)	—	(149.9)
Derivative financial instruments:			
Forward foreign exchange contracts (cash flow hedges)	—	(0.3)	(0.3)
Total at 31 December 2021	(1,737.8)	(0.3)	(1,738.1)

The unsecured senior notes are quoted instruments and the fair value is calculated based on the market price. The fair value of the notes is within Level 1 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'.

The fair values of non-derivative amounts are determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis. It is assumed that by their nature their carrying value approximates their fair value. These fair values are within Level 2 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'.

10. Retirement Benefit Obligations

Balance Sheet

The net liability for defined benefit arrangements is as follows:

Unaudited **Net liability**	**US pensions** **€m**	**Other pensions** **€m**	**US healthcare** **€m**	**Other post-employment liabilities** **€m**	**Total** **€m**
Present value of retirement benefit obligations	**(162.2)**	**(80.3)**	**(30.6)**	**(75.0)**	**(348.1)**
Fair value of plan assets	**131.0**	**95.1**	**—**	**28.0**	**254.1**
Asset ceiling	**—**	**(14.8)**	**—**	**—**	**(14.8)**
Net liability at 30 June 2022	**(31.2)**	**—**	**(30.6)**	**(47.0)**	**(108.8)**

Net liability	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
Present value of retirement benefit obligations	(184.5)	(117.7)	(33.4)	(88.2)	(423.8)
Fair value of plan assets	150.7	126.5	—	27.8	305.0
Asset ceiling	—	(9.3)	—	—	(9.3)
Net liability at 31 December 2021	(33.8)	(0.5)	(33.4)	(60.4)	(128.1)

Income Statement

Net (expense)/income recognised in the Income Statement is as follows:

Unaudited **Net expense**	**US pensions** **€m**	**Other pensions €m** **€m**	**US healthcare** **€m**	**Other post-employment liabilities** **€m**	**Total** **€m**
Current service cost	**—**	**(0.8)**	**—**	**(3.3)**	**(4.1)**
Actuarial gains recognised on other post-employment liabilities*	**—**	**—**	**—**	**1.6**	**1.6**
Settlement/curtailment gain	**—**	**—**	**—**	**0.1**	**0.1**
Net interest (expense)/income	**(0.5)**	**0.1**	**(0.4)**	**(0.6)**	**(1.4)**
Total net expense for the period ended 30 June 2022	**(0.5)**	**(0.7)**	**(0.4)**	**(2.2)**	**(3.8)**

*Actuarial gains recognised relate to other long-term benefit plans, such as long service agreements. The gains recognised are a result of discount rates increasing by approximately 200 bps since 31 December 2021.

Unaudited Net expense	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
Current service cost	—	(0.8)	—	(2.8)	(3.6)
Actuarial gains recognised on other post-employment liabilities	—	—	—	0.7	0.7
Settlement/curtailment gain	—	—	—	0.1	0.1
Net interest expense	(0.6)	—	(0.4)	(0.3)	(1.3)
Total net expense for the period ended 30 June 2021	(0.6)	(0.8)	(0.4)	(2.3)	(4.1)

At 30 June 2022, the Group reviewed the discount rates relating to the retirement benefit obligations. For US pension obligations the discount rate was determined to be 4.70% (2.80% at 31 December 2021), the impact of which was to reduce the present value of retirement benefit obligations by €34.3 million. Overall pension asset performance for the US pension in the same period reduced the fair value of plan assets by €31.7 million. The overall decrease in the net US pension liability as a result of these two impacts was €2.6million.

For other funded pension obligations the discount rate was determined to be 4.0% (2.12% at 31 December 2021) the impact of which was to reduce the present value of retirement benefit obligations by €37.4 million. Overall pension asset performance for the other pensions in the same period reduced the fair value of plan assets by €31.4 million. With the increase of the net surplus, the asset ceiling has been applied, resulting in an overall decrease in the net other funded pension liability of €0.5 million.

The decrease/(increase) in the total retirement benefit obligations due to a +50bp/-50bp change in the discount rate is €21.0 million/(€23.1 million) for all plans combined.

11. Restructuring and Other Provisions

Movements in provisions are as follows:

Unaudited	**Product warranty €m**	**Restructuring €m**	**Other €m**	**Total €m**
At 1 January 2022	**10.7**	**15.8**	**4.8**	**31.3**
Provisions made during the period	**1.0**	**6.0**	**0.2**	**7.2**
Provisions used during the period	**(2.0)**	**(12.2)**	**(0.1)**	**(14.3)**
Provisions reversed during the period	**(0.6)**	**(0.2)**	**—**	**(0.8)**
Currency translation	**0.3**	**0.2**	**0.1**	**0.6**
At 30 June 2022	**9.4**	**9.6**	**5.0**	**24.0**

	Product warranty €m	Restructuring €m	Other €m	Total €m
At 1 January 2021	14.6	11.0	4.9	30.5
Provisions made during the year	6.6	27.4	—	34.0
Provisions used during the year	(6.8)	(22.2)	—	(29.0)
Provisions reversed during the year	(3.9)	(0.6)	(0.1)	(4.6)
Currency translation	0.2	0.2	—	0.4
At 31 December 2021	10.7	15.8	4.8	31.3

Restructuring provisions made, less restructuring provisions reversed, in the period of €5.8 million relate to ongoing restructuring programmes across the Group to align production capacity with market demand.

In addition to the €5.8 million net restructuring charge shown through the provision, the Income Statement also includes a further €4.9 million of non-cash asset impairments and write-offs following the rationalisation of operations in Russia, in response to the Ukrainian conflict, as well as €0.8 million of other miscellaneous non-cash asset impairments and write-offs.

The total net restructuring charge of €11.5 million in the period comprises €9.3 million in relation to the FCS division and €2.2 million in relation to FTDS (year ended 31 December 2021: €15.3 million and €11.5 million respectively).

12. Cash Generated from Operations

	Unaudited Half Year 2022 €m	Unaudited Half Year 2021 €m
Profit for the period	**0.5**	11.1
Income tax expense before exceptional items	**19.3**	24.6
Exceptional income tax credit	**—**	(2.8)
Profit before income tax	**19.8**	32.9
Adjustments for:		
Depreciation, amortisation and impairment charges	**103.3**	96.8
Loss on disposal of PP&E and intangible assets	**0.9**	0.3
Impairment of PP&E, right of use assets and intangible assets in restructuring costs	**2.4**	—
Deferred tax impairment in restructuring costs	**0.9**	—
Share-based expense excluding social security costs	**3.7**	3.5
Net finance expense	**28.5**	42.4
Unremitted share of loss from associates	**—**	1.2
Net foreign exchange (gains)/losses	**(3.2)**	7.6
Changes in working capital:		
- Inventories	**(40.1)**	(24.3)
- Trade and other receivables	**(65.8)**	38.0
- Trade and other payables	**51.5**	(50.8)
Change in provisions	**(7.9)**	4.3
Change in retirement benefit obligations	**(2.6)**	(1.2)
Total	**91.4**	150.7

The changes in working capital (movements in inventories, trade and other receivables and trade and other payables) exclude a number of non-cash transactions. The most significant of these arises from movements due to changes in foreign exchange rates, on translation of the Group's overseas operations into the Group's presentation currency, Euro.

13. Commitments and Contingencies

Capital Commitments

Expenditure on non-current assets authorised and contracted for at the end of the period but not yet incurred is as below:

	Unaudited 30 June 2022 €m	31 December 2021 €m
Intangible assets	**8.4**	8.1
Property, plant and equipment	**44.0**	30.3
Total	**52.4**	38.4

14. Related Party Transactions

At 30 June 2022 there is no ultimate controlling party of TI Fluid Systems plc.

Balances and transactions between Group companies have been eliminated on consolidation, and are not disclosed in this note except for subsidiaries that are not wholly owned. Transactions with those companies are made on the Group's standard terms of trade.

There have been no significant changes in the nature of transactions between subsidiaries that are not wholly owned and other group companies that have materially affected the condensed group financial statements in the period.

Independent review report to TI Fluid Systems plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed TI Fluid Systems plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results 2022 of TI Fluid Systems plc for the 6 month period ended 30 June 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2022;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results 2022 of TI Fluid Systems plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results 2022 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results 2022, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results 2022 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results 2022, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results 2022 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
8 August 2022

Directors' Responsibility Statement

The Directors of the Company confirm that these half year condensed group financial statements have been prepared in accordance with the basis of preparation (Note 1.1) and that they include a fair review of the information required, namely:

- An indication of important events that have occurred during the first six months and their impact on the half year condensed group financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report for the year ended 31 December 2021.

By order of the Board

Hans Dieltjens
President and CEO
8 August 2022

Ronald Hundzinski
Chief Financial Officer
8 August 2022